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Mr. John A. Rogovin, General Counsel Office of General Counsel Federal Communications Commission 445 12<sup>th</sup> Street, S.W.. Washington, D.C. 20554

Re: EX PARTE

CC Docket No. 01-92

John Muleta, Chief Wireless Telecommunications Bureau Federal Communications Commission 445 12<sup>th</sup> Street, S.W. Washington, D.C. 20554

### Gentlemen:

T-Mobile USA, Inc. ("T-Mobile") and Western Wireless Corporation ("Western") submit this rebuttal to the replies of the Missouri Independent Telephone Group ("MITG") and Missouri Small Telephone Company Group ("MSTCG"), filed in response to T-Mobile's July 8, 2004, written *ex parte* letter.

MITG and MSTCG offer no legal or policy basis for allowing rural local exchange carriers ("LECs") to circumvent federally prescribed negotiations and arbitration procedures by unilaterally imposing wireless interconnection tariffs without the consent of wireless carriers.<sup>3</sup> As further discussed in the attached Appendix, as well as the T-Mobile *Ex Parte*, Federal Communications Commission ("FCC" or "Commission") and judicial precedent compel the following conclusions:

• The Commission consistently has declined to permit incumbent local exchange carriers ("LECs") unilaterally to impose interconnection tariffs in lieu of

<sup>&</sup>lt;sup>1</sup> Reply of MITG to July 8, 2004 Written Ex Parte Communication of T-Mobile USA, Inc. (July 26, 2004) ("MITG Reply"); Letter from W.R. England, III and Brian T. McCartney, Counsel, MTSCG, to Marlene Dortch, Secretary, FCC (Aug. 17, 2004) ("MTSCG Reply"). The MITG is a group of six Missouri incumbent rural local exchange carriers ("RLECs"). MTSCG is another group consisting of small telephone companies in Missouri. All fillings in CC Docket No. 01-92 will be short-cited herein.

<sup>&</sup>lt;sup>2</sup> See Letter from Harold Salters, T-Mobile, to William Maher, Chief, Wireline Competition Bureau, FCC, et al. (July 8, 2004) ("T-Mobile *Ex Parte*").

<sup>&</sup>lt;sup>3</sup> Although parties in this proceeding have raised issues regarding rating and routing issues relating to interMTA and intraMTA traffic, these issues are not within the scope of the petition for declaratory ruling ("Declaratory Ruling Petition") filed by T-Mobile, Western, Nextel Communications, and Nextel Partners. Accordingly, the Commission should address those issues separately.

interconnection agreements, finding that those tariffs would be inconsistent with the requirements under Sections 251 and 252 of the Communications Act of 1934, as amended by the Telecommunications Act of 1996 (collectively, the "Communications Act").

- The Commission's well-established policy precludes incumbent LECs from imposing wireless interconnection tariffs before negotiating an interconnection agreement with a wireless carrier. This policy remains in place today.
- Each federal appellate court that has addressed the issue has preempted interconnection tariffs filed in the absence of an agreement between the parties because the tariff process (1) bypasses or interferes with federally prescribed negotiations and arbitration procedures; and (2) establishes a parallel proceeding that is subject to state court review.
- The federal appellate courts have permitted only opt-in tariffs and other tariffs used in conjunction with existing interconnection agreements.
- Unilateral wireless interconnection tariffs are no different from those tariffs that the federal courts have preempted.

MITG and MSTCG assert claims that are unsubstantiated or contradicted by the facts. Notably, they contend that unilateral tariffs do not circumvent the negotiations process because wireless carriers are free to request negotiations. The Commission should reject this argument for the following reasons:

- Tariffs embolden rural LECs to refuse to negotiate in good faith by removing incentives for the rural LEC to accept terms that vary from the tariffs.
- Tariffs subvert the negotiations process.

MITG and MSTCG further claim that tariffs are necessary to compensate rural LECs for terminating wireless traffic. This argument lacks merit for the following reasons:

• Without interconnection tariffs or agreements, bill-and-keep arrangements provide appropriate compensation for the exchange of telecommunications traffic and are ordinarily used for traffic exchanged through indirect interconnection. RLECs themselves have acknowledged the efficiencies of indirect interconnection arrangements and the financial burden of individually negotiating direct interconnection arrangements.<sup>4</sup> Unlike bill-and-keep arrangements, unilateral tariffs typically involve one-way arrangements that do not provide for mutual and reciprocal recovery of each carrier's costs.

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<sup>&</sup>lt;sup>4</sup> For example, rural LECs in Michigan told the Commission, "[i]t would be a huge and unnecessary burden for each of the twenty-eight (28) Michigan ILECs to negotiate a separate interconnection agreement with each and every CMRS provider that terminates traffic on its network." *See* Comments of Michigan Rural Incumbent LECs, CC Dkt. No. 01-92, at 2 (Oct. 18, 2002).

- To the extent rural LECs are dissatisfied with the status quo, they are entitled to request negotiations under Sections 201 and 332 of the Communications Act.
- Even where carriers have requested negotiations, rural LECs have sought exemption under Section 251(f) of the Communications Act from the interconnection obligations of incumbent LECs, thus frustrating the ability of requesting carriers to obtain interconnection agreements
- In cases where negotiations have commenced, but failed, rural LECs have declined to seek arbitration, thus choosing not to subject their costs to scrutiny to establish applicable rates. Instead, they have attempted to unilaterally establish rates based upon one-sided tariffs.

For the forgoing reasons, T-Mobile and Western request that the Commission promptly grant the Declaratory Ruling Petition. The Commission also should confirm that any carrier, including a rural LEC, can request a wireless carrier to commence interconnection negotiations.

Pursuant to Section 1.1206(b)(1) of the Commission's rules, one copy of this letter is being filed with the Secretary's office for filing in CC Docket No. 01-92.

Respectfully submitted,

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#### **APPENDIX**

# FCC AND JUDICIAL PRECEDENT PREEMPTING UNILATERAL INTERCONNECTION TARIFFS

The replies of the Missouri Independent Telephone Group ("MITG") and Missouri Small Telephone Company Group ("MSTCG") to T-Mobile USA, Inc.'s ("T-Mobile") July 8, 2004, *ex parte* letter ("T-Mobile *Ex Parte*") are based on flawed analyses of the relevant Federal Communications Commission ("FCC" or "Commission") and judicial precedent. The following discussion of the relevant case law demonstrates that unilaterally imposed interconnection tariffs are inconsistent with the Communications Act of 1934, as amended by the Telecommunications Act of 1996 (collectively, "Communications Act"), and therefore are preempted.

## I. FCC PRECEDENT PROHIBITS CARRIERS FROM UNILATERALLY IMPOSING TARIFFS TO CIRCUMVENT INTERCONNECTION NEGOTIATIONS

#### A. MITG and MSTCG Fail to Refute Relevant FCC Precedent

MITG and MSTCG inexplicably ignore the Commission's repeated refusals to allow carriers, including incumbent local exchange carriers ("LECs"), unilaterally to impose interconnection tariffs in lieu of interconnection agreements. Although MSTCG contends that the FCC decisions cited in the T-Mobile *Ex Parte* are inapplicable because they pre-date the 1996 Telecommunications Act,<sup>5</sup> some of these decisions in fact were issued long after 1996.<sup>6</sup> For example, in the *Virginia Arbitration Order*, issued in July 2002, the Wireline Competition Bureau rejected an incumbent LEC's proposal that

<sup>&</sup>lt;sup>5</sup> See MSTCG Reply at 11.

<sup>&</sup>lt;sup>6</sup> See Petition of WorldCom, Inc. Pursuant to Section 252(e)(5) of the Communications Act for Preemption of the Jurisdiction of the Virginia State Corp. Comm'n, 17 FCC Rcd 27039 (WCB 2002) ("Virginia Arbitration Order"); Bell Atlantic-Delaware, Inc. v. Global NAPs, Inc., 15 FCC Rcd 12946 (1999) ("Global NAPs Order"), aff'd on reconsideration, 15 FCC Rcd 5997 (2000) ("Global NAPs Recon. Order"), aff'd sub nom., Global NAPs, Inc. v. FCC, 247 F.3d 252 (D.C. Cir. 2001), cert. denied, 534 U.S. 1079 (2002).

"would allow for tariffed rates to replace automatically the [arbitrated] rates [contained in the interconnection agreement]." The Bureau explained that under the incumbent LEC's proposal, the new tariffed rates would not be subject to state commission or judicial review under Section 252(e) of the Communications Act. Thus, the proposal "could thwart petitioners' statutory right to ensure that the new rates comply with the requirements of sections 251 and 252."

The Bureau consequently adopted an alternative proposal allowing tariffed rates to be incorporated into the interconnection agreement "only upon the parties' written consent or upon 'affirmative order' of the [state commission]." It found that the alternative proposal is "consistent…with the statutory construct that provides for federal court review of state commission determinations under section 252."

Furthermore, MSTCG fails to justify ignoring relevant FCC orders adopted prior to 1996.<sup>11</sup> It inexplicably attempts to dismiss the validity of interconnection rules and policies merely because the Commission adopted them prior to the Telecommunications Act of 1996. The pre-1996 FCC orders cited in the T-Mobile *Ex Parte* establish that incumbent LECs and wireless carriers have certain interconnection obligations under Sections 201 and 332(c) of the Communications Act, which have not been eliminated or superseded by the 1996 Telecommunications Act.<sup>12</sup> These orders further establish that

<sup>&</sup>lt;sup>7</sup> See Virginia Arbitration Order, ¶ 600.

<sup>&</sup>lt;sup>8</sup> *Id.* ¶ 601.

<sup>&</sup>lt;sup>9</sup> *Id.* ¶ 590.

<sup>&</sup>lt;sup>10</sup> *Id.* ¶ 599.

<sup>&</sup>lt;sup>11</sup> See MSTCG Reply at 11-12.

<sup>&</sup>lt;sup>12</sup> See T-Mobile Ex Parte at 6-8 (citing Radio Common Carrier Declaratory Ruling, 2 FCC Rcd 2910 (1987); The Need to Promote Competition and Efficient Use of Spectrum for Radio Common Carrier Services (Cellular Interconnection Proceeding), 4 FCC Rcd 2369 (1989) ("Radio Common Carrier")

the obligations of incumbent LECs under Sections 201 and 332(c) preclude them from unilaterally filing tariffs before negotiating an interconnection agreement with a wireless carrier. This case precedent remains good law and cannot be casually dismissed as MSTCG has proposed.

## B. The FCC Has Not Changed from Its Existing Policy Opposing Unilateral Interconnection Tariffs

MSTCG improperly cites as support two FCC decisions that purportedly demonstrate the Commission's prior acceptance of unilateral tariffs as an alternative to interconnection agreements. In the first case, *AirTouch Cellular v. Pacific Bell*, <sup>14</sup> the Commission resolved a complaint against an incumbent LEC by ruling that the incumbent LEC failed to pay mutual compensation to a cellular carrier for traffic termination, in violation of Section 20.11(b) of the FCC's rules. The Commission rejected the incumbent LEC's contention that Section 20.11(b)'s mutual compensation requirement applies to interstate traffic only and found that the rule also applies to intrastate traffic.

In an aside that was not central to its ruling, the Commission expressed its intent "to not preempt state regulation of the actual rate paid by CMRS carriers for intrastate interconnection." This language, however, cannot be broadly construed to suggest that state regulation of incumbent LEC intrastate interconnection rates will not be preempted, regardless of the methods used to determine those rates. Rather, the language must be read in conjunction with clear FCC precedent prohibiting the use of state law tariffs to

Reconsideration Order"); Implentation of Sections 3(n) and 332 of the Communications Act Regulatory Treatment of Mobile Services, 9 FCC Rcd 1411 (1994)).

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<sup>&</sup>lt;sup>13</sup> T-Mobile *Ex Parte* at 6-8.

<sup>&</sup>lt;sup>14</sup> AirTouch Cellular v. Pacific Bell, 16 FCC Rcd 13502 (2001).

<sup>&</sup>lt;sup>15</sup> *Id*. ¶ 14.

circumvent the negotiation and arbitration procedures under Section 252 of the Communications Act. In view of this precedent, the Commission's statement in *AirTouch Cellular v. Pacific Bell* must be reasonably construed to preserve state regulation of incumbent LEC intrastate interconnection rates to the extent the regulation is consistent with the requirements of the Communications Act.

In the second FCC case that MSTCG cites as support, *Sprint PCS Declaratory Ruling*, a wireless carrier sought compensation for the costs of terminating interexchange traffic. <sup>17</sup> The Commission noted that "[t]here are three ways in which a carrier seeking to impose charges on another carrier can establish a duty to pay such charges: pursuant to (1) Commission rule; (2) tariff; or (3) contract." The Commission, however, did not suggest that any carrier could avail itself of any of these methods under all circumstances. In fact, in the next sentence, the Commission stated that "CMRS access services are subject to mandatory detariffing, and it is therefore undisputed that Sprint PCS could not have imposed access charges on AT&T pursuant to any tariff." Thus, the Commission merely stated the obvious—that as a general matter tariffing may be theoretically available, but the Commission may prohibit carriers from filing tariffs under certain circumstances.

Moreover, *Sprint PCS Declaratory Ruling* actually undercuts MSTCG's and MITG's argument that tariffed termination charges are necessary to compensate RLECs

<sup>&</sup>lt;sup>16</sup> See Virginia Arbitration Order, ¶ 602 (carriers "cannot use tariffs to circumvent the Commission's determinations under section 252 or the right of federal court review under section 252(e)(6)"); Global NAPs Recon. Order, ¶ 14 ("[u]sing the tariff process to circumvent the section 251 and 252 processes cannot be allowed") (quoting Global NAPs Order ¶ 23).

<sup>&</sup>lt;sup>17</sup> Petitions of Sprint PCS and AT&T Corp. for Declaratory Ruling Regarding CMRS Access Charges, 17 FCC Rcd 13192 (2002) ("Sprint PCS Declaratory Ruling").

<sup>&</sup>lt;sup>18</sup> *Id.* ¶ 8.

<sup>&</sup>lt;sup>19</sup> *Id*.

for terminating wireless traffic. There, the Commission noted that "[b]ecause both carriers charge their customers for the service they provide, it does not necessarily follow that IXCs receive a windfall in situations where no compensation is paid for access service provided by a CMRS carrier." Similarly, MSTCG and MITG cannot assume that wireless carriers receive a windfall at the RLECs' expense, particularly when the RLECs collect charges from their customers and also are compensated under bill-and-keep arrangements. <sup>21</sup>

## II. THE COURTS HAVE UPHELD PREEMPTION OF UNILATERAL INTERCONNECTION TARIFFS

### A. MITG and MSTCG Ignore or Misstate Relevant Judicial Precedent

MITG and MSTCG ignore or misstate the relevant judicial precedent compelling preemption of unilateral interconnection tariffs. For example, MSTCG claims that  $Bie^{22}$  is inapplicable because it does not involve (1) an incumbent LEC voluntarily seeking to file a tariff; (2) a tariff that would cease to be effective upon regulatory approval of an interconnection agreement; (3) traffic exchange between wireline and wireless carriers; or (4) "efforts to remedy one party terminating traffic to another without an interconnection agreement." None of these factors, however, was material to the court's analysis.

There, the Seventh Circuit framed the issue as "whether a state may create an alternative method [i.e., alternative to Section 252 procedures] by which a competitor can

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<sup>&</sup>lt;sup>20</sup> *Id.* ¶ 15.

<sup>&</sup>lt;sup>21</sup> In any event, *Sprint PCS Declaratory Ruling* involved only interexchange traffic subject to access charges, not local traffic subject to reciprocal compensation. Thus, the Commission did not remotely suggest that a LEC could use tariffs to impose charges for local traffic termination.

<sup>&</sup>lt;sup>22</sup> Wisconsin Bell v. Bie, 340 F.3d 441 (7<sup>th</sup> Cir. 2003) ("Bie"), cert. denied, 157 L.Ed. 2d 953 (Jan. 12, 2004).

<sup>&</sup>lt;sup>23</sup> See MSTCG Reply at 11 (citation omitted).

obtain interconnection rights."<sup>24</sup> The court stated that the preemption issue "depends on whether the state requirement *interferes* with the federal procedure."<sup>25</sup> Although the tariff process did not prevent negotiations, the court found that the tariff process "places a thumb on the negotiating scales" and "short-circuits negotiations."<sup>26</sup> The court further found that the tariff process allows carriers to challenge interconnection rates before state commissions and state courts, "even though Congress, in setting up the negotiation procedure, explicitly excluded the state courts from getting involved in it."<sup>27</sup> The court concluded that "[a]t the very least, the tariff requirement complicates the contractual route by authorizing a parallel proceeding."<sup>28</sup>

Similarly, in *Verizon North I*, the Sixth Circuit preempted a state commission order requiring incumbent LECs to file interconnection tariffs because it "provides an alternative route around the entire interconnection process (with its attendant negotiation/arbitration, state commission approval, FCC oversight, and federal court review procedures)."<sup>29</sup> The court found that the state law bypass of the federal procedures was particularly problematic because a carrier "aggrieved by a state commission tariff decision might not be able to seek federal review."<sup>30</sup>

<sup>&</sup>lt;sup>24</sup> *Bie*, 340 F.3d at 442.

<sup>&</sup>lt;sup>25</sup> *Id.* at 443 (emphasis added).

<sup>&</sup>lt;sup>26</sup> *Id.* at 444-45.

<sup>&</sup>lt;sup>27</sup> *Id.* at 444.

<sup>&</sup>lt;sup>28</sup> *Id*.

<sup>&</sup>lt;sup>29</sup> See Verizon North, Inc. v. Strand, 309 F.3d 935, 943 (6<sup>th</sup> Cir. 2002) ("Verizon North I"), cert. denied, 537 U.S. 941 (2003), aff'g 140 F.Supp.2d 803 (W.D. Mich. 2000). In a prior decision involving the same case, the Sixth Circuit Court of Appeals held that the district court had jurisdiction to review the state tariffing order because the claim raised a federal preemption issue, which falls within the district court's general federal question jurisdiction. See GTE North, Inc. v. Strand, 209 F.3d 909, 915-20 (6<sup>th</sup> Cir. 2000). Consequently, the Sixth Circuit Court remanded the case to the district court for consideration of the merits.

<sup>&</sup>lt;sup>30</sup> *Verizon North I*, 309 F.3d at 942.

MSTCG contends that the judicial decisions preempting state tariffing requirements are distinguishable because the tariffs in those cases were *required* to be filed, unlike the wireless interconnection tariffs that rural LECs *voluntarily* seek to file.

MSTCG, however, completely ignores *Verizon North II*, in which the Sixth Circuit held that the Communications Act preempted a state commission order allowing a competitive LEC to *voluntarily* file an interconnection and requiring the incumbent LEC to pay the tariffed rates.<sup>31</sup> The Court found that the state commission order permits the state commission "to bypass the federal statutory process for reaching an interconnection agreement and to create a competitive relationship via the filing of a *unilateral* tariff."<sup>32</sup> The Court further observed that the state commission order "eliminates the virtues of *negotiated* competition ensconced in § 252, and it eliminates all incentive to adhere to the federal statutory process."<sup>33</sup>

# B. Unilateral Wireless Interconnection Tariffs Are Similar to Those That the Courts Have Preempted

Unilateral wireless interconnection tariffs have all of the same features that troubled the courts in *Bie, Verizon North I,* and *Verizon North II.* These tariffs enable rural LECs to set rates through a parallel proceeding that is subject to state court review. As noted above, the courts have found this result to be antithetical to the Congressional intent to exclude state court review of interconnection rates and terms.

Moreover, tariffs circumvent the negotiations process and "place a thumb on the negotiating scales" by emboldening rural LECs to refuse to negotiate in good faith with wireless carriers. With effective tariffs in place, a rural LEC would have no incentive to

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<sup>&</sup>lt;sup>31</sup> See Verizon North Inc. v. Strand, 367 F.3d 577, 584-85 (6<sup>th</sup> Cir. 2004) ("Verizon North II").

<sup>&</sup>lt;sup>32</sup> *Id.* at 584-85 (emphasis added).

<sup>&</sup>lt;sup>33</sup> *Id.* at 585 (emphasis in original).

engage in true give-and-take negotiations or consider any compromise because it already has obtained its "wish list" of interconnection terms through its tariffs. As the Commission predicted long ago, "when an impasse [in negotiations] is reached, the landline company would proceed *unilaterally* to file its tariffs, thereby rendering meaningless the negotiation already conducted on this matter."<sup>34</sup> Rather than negotiating to resolve interconnection disputes, wireless carriers would be forced to arbitrate virtually all of these disputes, even when the traffic at issue is minimal and the costs of arbitration far exceed the value of the traffic. Forcing carriers to arbitrate would undermine the central role of voluntary negotiations in the Section 252 process, "making hash of the statutory requirement that forbids requests for arbitration until 135 days after the local phone company is asked to negotiate an interconnection agreement."<sup>35</sup>

MITG and MSTCG contend that allowing rural LECs to file wireless interconnection tariffs would facilitate, rather than bypass, the negotiations process, but nothing could be further from the truth. As an initial matter, tariffs are unnecessary to facilitate negotiations because rural LECs at anytime can request negotiations under Sections 201 and 332, as T-Mobile *Ex Parte* demonstrates. Moreover, Section 252 authorizes, but does not require, wireless carriers to request negotiations. Accordingly, tariffs should not be used to compel wireless carriers to exercise a statutory right that they have the discretion to refuse.

Furthermore, rural LECs frequently seek to invoke Section 251(f) in order to maintain their exemption from the incumbent LEC interconnection and negotiation

<sup>34</sup> Radio Common Carrier Reconsideration Order, ¶ 14 (emphasis added).

<sup>&</sup>lt;sup>35</sup> *Bie*. 340 F.3d at 445.

<sup>&</sup>lt;sup>36</sup> See T-Mobile Ex Parte at 7, 13.

obligations. For example, rural LECs in Tennessee have invoked the rural exemption in a consolidated arbitration with T-Mobile and other wireless carriers. Additionally, rural LECs in Georgia have threatened to invoke the rural exemption if T-Mobile does not accept their proposed default rates.

Even in those cases where rural LECs have entered negotiations, they have failed to seek arbitration when the parties are unable to resolve their disputes through negotiations. Rather than accept responsibility, MITG attempts to shift blame to the wireless carriers by claiming that the carriers "simply dropped the negotiations" and "did not request arbitration." MITG, however, neglects to mention that rural LECs also could have exercised their right under Section 252(b) to seek arbitration if they truly wanted to reach an agreement.

As the T-Mobile *Ex Parte* noted, rural LECs in Missouri admitted that they could have pursued arbitration following wireless carriers' requests for negotiations, but decided that filing tariffs was "the most efficient resolution of these issues." Their unwillingness to seek arbitration can be attributed to the practical challenges that both rural LECs and wireless carriers face in negotiating and arbitrating individual agreements. As the rural LECs in Michigan told the Commission, "[i]t would be a huge and unnecessary burden for each of the twenty-eight (28) Michigan ILECs to negotiate a separate interconnection agreement with each and every CMRS provider that terminates traffic on its network." Despite this cost burden, however, the *Bie*, *Verizon North I*, and

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<sup>&</sup>lt;sup>37</sup> MITG Reply at 5.

<sup>&</sup>lt;sup>38</sup> T-Mobile *Ex Parte* at 9 (citing Motion for Rehearing and Alternative Application for Transfer, with Suggestions in Support, No. WD-60928, at 6-7 (Mo. Ct. App., filed May 13, 2003), *quoting* testimony of ILEC witness Schoonmaker).

<sup>&</sup>lt;sup>39</sup> Comments of Michigan Rural Incumbent LECs, CC Dkt. No. 01-92, at 2 (Oct. 18, 2002).

*Verizon North II* decisions unambiguously prohibit rural LECs from unilaterally imposing tariffs to bypass or interfere with the Section 252 process.

# C. The Courts Have Upheld Only Opt-In Tariffs and Other Tariffs Used in Conjunction with Existing Interconnection Agreements

Other federal appellate cases cited by MSTCG actually re-affirm the federal judicial view that unilateral tariffs are unlawful by carving out limited exceptions to the general federal preemption of interconnection tariffs. Notably, in *U.S. West*, the Tenth Circuit upheld an arbitrated provision in an interconnection agreement allowing a competing LEC to obtain interconnection rates and terms contained in the incumbent LEC's state tariffs, in addition to the rates and terms specified in the agreement. The court distinguished this case from other court decisions preempting state tariffs by noting that the tariff opt-in provision "does not eliminate interconnection agreements, but rather is part of one." The court explained that "the interconnection agreement is amended to include the terms of the particular tariff(s)" and that the "parties remain bound by the interconnection agreement at all times." The court further dismissed the concern that the opt-in tariffs could undermine federal court review. It noted that the federal courts have jurisdiction to review any amendments to the interconnection agreement resulting from a carrier's decision to purchase under an opt-in tariff.

Similarly, in *Michigan Bell*, the Sixth Circuit declined to preempt a state commission order allowing a competitive LEC to submit resale orders by facsimile pursuant to the terms of the incumbent LEC's state tariff, rather than under the terms of

<sup>40</sup> See U.S. West Comm., Inc. v. Sprint, 275 F.3d 1241 (10th Cir. 2002) ("U.S. West").

<sup>&</sup>lt;sup>41</sup> *Id.* at 1251.

<sup>&</sup>lt;sup>42</sup> *Id*.

<sup>&</sup>lt;sup>43</sup> *Id*.

the parties' existing interconnection agreement.<sup>44</sup> The court observed that "both parties have engaged in the entire interconnection process" and that "this case is not one where competing carriers were attempting to bypass the negotiation process."<sup>45</sup> Consequently, the court found it permissible for the state commission "to maintain a tariff system alongside the agreements negotiated under the Act."<sup>46</sup>

Contrary to MSTCG's contention, the fact that a wireless interconnection tariff may be subordinate to a subsequently executed interconnection agreement is immaterial to the preemption issue. <sup>47</sup> Both the *U.S. West* and *Michigan Bell* courts were explicit that a carrier cannot seek to unilaterally impose tariffed interconnection rates and terms *in the absence* of an existing agreement. Although the Missouri Court of Appeals in *Sprint Spectrum* held that rural LECs unilaterally could impose wireless interconnection tariffs in the absence of negotiated agreements, <sup>48</sup> this decision conflicts with federal judicial precedent and should be given no weight. The Missouri court decision also serves as an example of one of the problems that the federal courts found with allowing unilateral interconnection tariffs—that is, these tariffs allow rural LECs to set rates through a parallel state proceeding and contravenes the Congressional intent to exclude state court review of interconnection rates and terms.

Furthermore, states may differ over the extent to which they will give effect to interconnection agreements and tariffs. The wide variations that may exist among the

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<sup>&</sup>lt;sup>44</sup> See Michigan Bell Telephone Co. v. MCIMetro Access Transmission Services, Inc., 323 F.3d 348, 357-61 (6<sup>th</sup> Cir. 2003) ("Michigan Bell") rehearing denied 2003 U.S. App. LEXIS 12562 (6<sup>th</sup> Cir. June 5, 2003).

<sup>&</sup>lt;sup>45</sup> *Id.* at 360.

<sup>&</sup>lt;sup>46</sup> *Id*.

<sup>&</sup>lt;sup>47</sup> See MSTCG Reply at 3.

<sup>&</sup>lt;sup>48</sup> See Sprint Spectrum v. Missouri Public Serv. Comm'n, 112 S.W.2d 20, 25 (Mo. App. 2003) ("Sprint Spectrum").

states with respect to their treatment of wireless interconnection tariffs highlight the need for expeditious federal preemption and a national, uniform policy governing wireless interconnection.